

ESTTA Tracking number: **ESTTA100801**

Filing date: **09/25/2006**

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE  
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Proceeding	91150278
Party	Defendant Franklin Loufrani Franklin Loufrani 625 NW. 16TH AVE.  75016 PARIS FRX, CA 92626
Correspondence Address	STEVEN L. BARON MANDELL MENKES LLC 333 WEST WACKER DRIVE, SUITE 300 CHICAGO, IL 60606
Submission	Reply in Support of Motion
Filer's Name	Natalie A. Harris
Filer's e-mail	nharris@mandellmenkes.com, sbaron@mandellmenkes.com
Signature	/NAH/
Date	09/25/2006
Attachments	Reply In Support of Motion to Introduce Evidence.pdf ( 11 pages )(525995 bytes )

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

_____	)	
	)	
WAL-MART STORES, INC.	)	
	)	
Opposer.	)	OPPOSITION NO. 91/150,278
	)	OPPOSITION NO. 91/154,632
v.	)	
	)	
FRANKLIN LOUFRANI	)	Trademark:
	)	SMILEY & Design Serial No. 75/302,439
Applicant.	)	SMILEY & Design Serial No. 75/977,376
_____	)	
	)	
FRANKLIN LOUFRANI	)	
	)	
Opposer.	)	OPPOSITION NO. 91/152,145
	)	
v.	)	
	)	Trademark:
WAL-MART STORES, INC.	)	Smiley Design Serial No. 76/320,901
	)	
Applicant.	)	
_____	)	

**FRANKLIN LOUFRANI'S REPLY IN SUPPORT OF MOTION FOR LEAVE TO  
INTRODUCE EVIDENCE OUTSIDE TESTIMONY PERIOD, OR,  
ALTERNATIVELY TO RE-OPEN THE TESTIMONY PERIOD FOR THE  
LIMITED PURPOSE OF INTRODUCING TESTIMONY IN SUPPORT OF  
BONA FIDE INTENT**

## INTRODUCTION

Franklin Loufrani's ("Loufrani") "silence" cannot fairly be equated with his implied consent to try the issue of *bona fide* intent. Instead, it serves as convincing evidence that Loufrani was not clearly apprised of Wal-Mart Stores, Inc.'s ("Wal-Mart") intent to submit evidence in support of their new lack of *bona fide* intent argument until receiving Wal-Mart's opening trial brief. Wal-Mart injected this novel argument long after the expiration of Loufrani's opportunity to introduce the extensive available evidence in support of his *bona fide* intent to use the "SMILEY and Disclaimed Design" mark in commerce. Loufrani reasonably believed that the trial evidence Wal-Mart claims to have submitted in support of this new issue, was actually submitted in support of the lack of distinctiveness basis specifically plead in Wal-Mart's Opposition. Furthermore, deeming the pleadings amended to include Wal-Mart's late-breaking theory would prejudice Loufrani, preventing him from introducing available evidence in his defense. Wal-Mart's implicit request to amend the pleadings should be denied, and Loufrani should be permitted to introduce the evidence attached to Loufrani's Motion for Leave to Introduce Evidence in support of his *bona fide* intent.

## ARGUMENT

### **I. The Board Should Not Deem The Pleadings Conformed To The Evidence**

Only unplead issues tried by express or implied consent of the parties may be treated as if they had been raised in the pleadings in accordance with Fed. R. Civ. P. 15(b). Loufrani certainly did not expressly agree to try the lack of *bona fide* intent issue. Furthermore, Loufrani did not impliedly agree to try the issue because he (1) objected to Wal-Mart's efforts to litigate the issue and (2) was not fairly apprised that Wal-Mart

intended to introduce evidence in support of lack of *bona fide* intent. Amending Wal-Mart's Opposition to include the unplead lack of *bona fide* intent basis would unfairly prejudice Loufrani by preventing him from introducing the extensive available evidence in support of his *bona fide* intent. As a result, the Board should deny Wal-Mart's implicit motion to amend the Opposition.

**A. The “*Bona Fide Intent*” Issue Was Not Tried By The Express or Implied Consent Of the Parties**

“When issues not raised by the pleadings are tried by express or implied consent of the parties, they shall be treated in all respects as if they had been raised in the pleadings.” Fed. R. Civ. P. 15(b). Where the parties did *not* try an unplead issue, the Board will not deem pleadings conformed to the evidence presented at trial. *Riceland Foods Inc. v. Pacific Eastern Trading Corp.* 26 U.S.P.Q.2d 1883, 1884-5 (T.T.A.B. 1993) (motion to amend pleadings to conform to evidence denied where applicant was surprised by interjection of argument for the first time during the final briefing stage.)

Wal-Mart does not suggest that Loufrani *expressly* consented to trial of the “*bona fide* intent” issue, and it was not “tried by [Loufrani’s] silence and implied consent.” (Response at 4.) “Implied consent to the trial of an unpleaded issue can be found only where the non-offering party (1) raised no objection to the introduction of evidence on the issue, and (2) was fairly apprised that the evidence was being offered in support of the issue.” TBMP § 507.03(b); *ABC Moving Co., Inc. v. Brown*, 218 U.S.P.Q. 336, 337 (T.T.A.B. 1983) (“in order to have implied consent to the trial of an unpleaded issue, the parties must not only allow introduction of evidence without objection but must understand that the evidence was aimed at the unpleaded issue.”) Loufrani objected to Wal-Mart’s efforts to litigate the unplead “*bona fide* intent” issue, and Wal-Mart failed to

fully apprise Loufrani that evidence was being offered in support of the issue. Therefore, the Board should not deem the pleadings amended to include the “*bona fide* intent” issue.

**1. Loufrani Objected To Wal-Mart’s Efforts To Litigate The Un-Plead “*Bona Fide Intent*” Issue**

In support of its argument that Loufrani had notice of Wal-Mart’s intent to litigate the “*bona fide* intent” issue, Wal-mart cites only (1) Loufrani’s response to Interrogatory No. 4 and (2) Loufrani’s lapsed applications for marks incorporating the Disclaimed design. (Response at 3-4.) (collectively, the “Trial Evidence”). The trial record reflects that Loufrani vigorously objected to Wal-Mart’s use of this information to litigate issues outside the pleadings.

Interrogatory No. 4 asks Loufrani to describe various details regarding “the first use of the Smiley Application.” (Response at 3; Wal-Mart’s 4/27/05 Not. of Rel.) In response to Interrogatory No. 4, Loufrani *objected* on relevance grounds to the extent that the Interrogatory sought information that did not pertain to Loufrani’s U.S. trademark rights. (Response at 3; Wal-Mart’s 4/27/05 Not. of Rel.)<sup>1</sup>

Based on the grounds plead in Wal-Mart’s Opposition, Loufrani assumed that Wal-Mart’s reliance upon his lapsed applications for marks incorporating the Disclaimed design was aimed at proving lack of distinctiveness. Wal-Mart first clearly articulated lack of *bona fide* intent as grounds for its Opposition in its opening brief. It is only at

---

<sup>1</sup> If, as Wal-Mart asserts in the Response, the international scope of Interrogatory No. 4 was relevant to “shed light on whether or not [Loufrani] had a *bona fide* intent to use the Smiley Application,” Wal-Mart should have moved to compel a substantive response. However, Wal-Mart did not move to compel, supporting the inference that Interrogatory No. 4 was intended to elicit evidence showing lack of distinctiveness, not lack of *bona fide* intent to use the mark. Furthermore, if Wal-Mart truly sought to establish Loufrani’s lack of *bona fide* intent, it could have requested details regarding Loufrani’s use of *similar* marks worldwide. See *Commodore Electronics Ltd v. CBM Kabushiki Kaisha Opposition*, 26 U.S.P.Q.2d 1503, 1507 (T.T.A.B. 1993) Wal-Mart’s limited request for information regarding only the Smiley Application also suggests an inquiry into distinctiveness rather than *bona fide* intent.

that point that Loufrani was put on notice of the *bona fide* intent issue. As a result, at the next available opportunity, Loufrani objected to Wal-Mart's reliance upon the evidence in support of lack of *bona fide* intent. (Loufrani's 8/14/06 Res. Br. as Def. at 4-6.) This is the manner of objection preferred by the Board. TBMP § 532.<sup>2</sup> Thus, Wal-Mart's argument that Loufrani failed to object to Wal-Mart's introduction of evidence in support of the *bona fide* intent issue is unfounded.

**2. Loufrani Was Not Fairly Apprised That Evidence Was Being Offered In Support Of The "Bona Fide Intent" Issue**

Available evidence of Loufrani's *bona fide* intent to use his mark is plentiful. (Motion to Introduce Evidence, Ex. A.) In light of this available evidence, the clearest indication that Loufrani was not fairly apprised of Wal-Mart's intent to litigate lack of *bona fide* intent is his decision *not* to introduce any such evidence in support of the issue during his testimony periods. *Micro Motion Inc. v. Danfoss A/S*, 49 U.S.P.Q. 2d 1628, 1629 (T.T.A.B. 1998) (noting "applicant's assertion that had it been on notice at trial that mere descriptiveness was an issue, applicant's defense likely would have included evidence of acquired distinctiveness.")

Furthermore, Wal-Mart did plead "lack of acquired distinctiveness" as a basis for its Opposition to Loufrani's intent-to-use application. (Wal-Mart's Opposition No. 91/150278). Therefore, Loufrani reasonably expected Wal-Mart to introduce evidence intended to prove that Loufrani's "SMILEY and Disclaimed Design" mark lacks acquired distinctiveness.

---

<sup>2</sup> TBMP § 532 notes that, "Objections to a notice of reliance on substantive grounds such as objections on the grounds that evidence offered under a notice of reliance constitutes hearsay or improper rebuttal, or is incompetent irrelevant, or immaterial, normally need not and should not be raised by motion to strike. Rather, such objections should be raised in the objecting party's brief on the case . . ."

“[A]n applicant can establish acquired distinctiveness in an intent-to-use application where it can *show that the ‘same mark’ acquired distinctiveness for related goods or services*, and that this acquired distinctiveness will transfer to the goods or services specified in the application when the mark is used in connection with them.”

*In re Dial-A-Mattress Operating Corp.*, 57 U.S.P.Q. 2d 1807, 1812 (Fed. Cir. 2001) (emphasis added.) In other words, Wal-Mart could submit evidence that Loufrani’s “SMILEY & Disclaimed Design” mark has *not been used* for related goods or services in the U.S. as proof that the mark has not acquired distinctiveness. It is no coincidence then, that Wal-Mart chose to file notices of reliance as to the Trial Evidence. Both Loufrani’s response to Interrogatory No. 4 and Loufrani’s lapsed Disclaimed Design applications tend to prove that Loufrani’s mark has not been used in connection with other goods and services in the U.S.

Specifically, the Board could interpret Loufrani’s blanket objection to Wal-Mart’s request for information regarding Loufrani’s use of his mark on goods as a concession that the mark had not been used on any goods. In addition, evidence of Loufrani’s applications incorporating the Disclaimed Design, which lapsed as a result of Loufrani’s failure to file a Statement of Use, also suggests that Loufrani has not used the Disclaimed Design mark on goods in the U.S. Loufrani reasonably believed that Wal-Mart introduced the Trial Evidence in support of its claim that Loufrani’s “SMILEY and Disclaimed Design” mark lacks acquired distinctiveness.

“The purpose of Fed. R. Civ. P. 15(b) is to allow the pleadings to conform to the issues actually tried, not to extend the pleadings to introduce issues inferentially suggested by incidental evidence in the record.” *ABC Moving Co., Inc.*, 218 U.S.P.Q. at 339. Where evidence allegedly bearing on a “new issue” could easily be interpreted as

supporting an issue apparent from the pleadings, the Board has found that the adverse party was not fairly apprised that the evidence was being introduced to support the unplead issue. *Micro Motion Inc.*, 49 U.S.P.Q. at 1629. Although the Trial Evidence is relevant to lack of *bona fide* intent, it could easily be interpreted as supporting Wal-Mart's "lack of acquired distinctiveness" basis plead in the Opposition. As a result, the Board should find that Loufrani was not fairly apprised that the Trial Evidence was being introduced in support of lack of *bona fide* intent.

**B. Loufrani Would Be Prejudiced If Denied The Opportunity To Introduce Evidence Of His "Bona Fide Intent"**

Contrary to Wal-Mart's assertion, deeming the Opposition amended to include the lack of *bona fide* intent argument will prejudice Loufrani. (Response at 5.) In *ABC Motor Co.*, the petitioner moved the Board to amend the pleadings to conform to the evidence of fraud presented at trial. The Board found that,

the evidence introduced by the petitioner herein was not clearly aimed at the unpleaded issue of fraud and to allow the amendment would have the unjust result of denying respondent an opportunity to introduce evidence on this issue.

*ABC Motor Co.*, 218 U.S.P.Q. at 338. Based in part on this perceived prejudice, the Board denied the petitioner's Rule 15(b) motion to amend. *Id.* Similarly, in *Micro Motion, Inc.*, the Board held,

[W]e cannot say that applicant was fairly apprised that the evidence was being introduced in support of the unpleaded mere descriptiveness issue. *To allow amendment at this late juncture would result in undue prejudice to applicant.* In this connection, we particularly note applicant's assertion that had it been on notice at trial that mere descriptiveness was an issue, applicant's defense likely

would have included evidence of acquired distinctiveness. Inasmuch as it appears that applicant was not on notice that mere descriptiveness was an issue in the case, the motion to amend is denied.

*Micro Motion Inc.*, 49 U.S.P.Q. at 1629. (emphasis added). In light of the available evidence of Loufrani's *bona fide* intent to use his mark, granting Wal-Mart's implicit request to deem the Opposition amended would unfairly prejudice Loufrani's by foreclosing his available defenses. As a result, Wal-Mart's request to deem the Opposition amended should be denied, and Loufrani should be permitted to introduce the proffered evidence in support of his *bona fide* intent to use the mark in commerce.

## **II. The Declaration of Nicolas Loufrani Is Sufficient To Establish *Bona Fide* Intent To Use Loufrani's Mark In Commerce**

Loufrani's claim of *bona fide* intent to use his mark in commerce is corroborated by documentary evidence reflecting Loufrani's licensing "SMILEY and Disclaimed Design" abroad, and licensing his other similar marks in the U.S. (Loufrani Dec.) Similarly, in *Lane Ltd.*, the applicant's claim of *bona fide* intent, corroborated by documentary evidence of "its predecessor's activities and experience in licensing its prior mark, and also its evidence regarding its activities directed to non-U.S. tobacco companies" was "sufficient to establish as a matter of law that applicant possessed the requisite *bona fide* intention to use its mark in commerce. . ." *Lane Ltd. v. Jackson International Trading Co.*, 33 U.S.P.Q. 2d 1351, 1356 (T.T.A.B. 1994). As a result, the exhaustive discovery proposed by Wal-Mart in its Response is completely unnecessary. The Board may find that Loufrani had the requisite *bona fide* intent based solely on the evidence submitted.

Even if the Board determines that the proffered evidence alone is insufficient to establish *bona fide* intent, any additional evidence on the issue should be limited to one testimony deposition on written questions<sup>3</sup>. A deposition on written questions will provide Wal-Mart with the “opportunity to cross-examine [Loufrani] or review and test the authenticity of [Loufrani’s] alleged documentary evidence.” (Response at 5.) In accordance with the procedures set forth for the taking of depositions on written questions set forth in 37 CFR § 2.119(c), ninety days should be a sufficient period to complete a deposition on written questions for the limited purposes of introducing evidence in support of the *bona fide* intent issue.

Additional discovery on the issue of *bona fide* intent is not warranted because Wal-Mart waived its opportunity to obtain such discovery during the applicable discovery periods. Wal-Mart contends that it “developed the new issue relating to Applicant’s lack of bona fide intent-to-use” as a result of Loufrani’s failure to provide substantive responses to Interrogatory No. 4 on June 19, 2002. (Response at 3-4). Discovery closed on July 12, 2004, and in the intervening two years, Wal-Mart failed to pursue additional discovery on the *bona fide* intent issue. The time for taking discovery in this matter has long-since expired, and Wal-Mart should not be permitted to burden Loufrani now with “discovery mechanisms such as depositions, requests for admissions, interrogatories, and requests for the production of documents” without a showing of “excusable neglect.” (Response at 6; Fed. R. Civ. P. 6(b); TBMP § 509.01).

## CONCLUSION

---

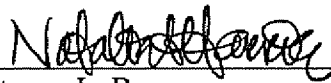
<sup>3</sup> A testimony deposition taken in a foreign country must be taken by deposition on written questions, unless the Board, on motion for good cause, orders that the deposition be taken by oral examination, or the parties so stipulation. 37 CFR §2.123(a)(2), TBMP § 703.01(b).

For the reasons stated herein, Franklin Loufrani respectfully requests that the Board grant leave to introduce evidence outside the testimony period, or alternatively re-open the testimony period for 90 days for the limited purpose of introducing testimony in support of *bona fide* intent via one deposition on written questions. Franklin Loufrani further requests that the Board deny Wal-Mart Stores, Inc.'s request to amend the pleadings to conform to the evidence pursuant to Fed. R. Civ. P. 15 (b).

Respectfully submitted,

FRANKLIN LOUFRANI

Dated: September 25, 2004

BY:   
Steven L. Baron  
Natalie A. Harris  
Mandell Menkes LLC  
333 W. Wacker Drive, Suite 300  
Chicago, Illinois 60606  
(312) 251-1000 (phone)  
(312) 251- 1010 (fax)  
sbaron@mandellmenkes.com  
nharris@mandellmenkes.com

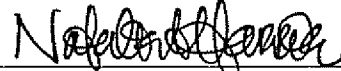
155766

**CERTIFICATE OF SERVICE**

The undersigned, an attorney, hereby certifies that I caused this *Reply in Support of Motion For Leave to Introduce Evidence Outside The Testimony Period, Or, In the Alternative, To Re-Open the Testimony Period For the Limited Purpose of Introducing Testimony in Support of Bona Fide Use*, to be served on:

Mr. Gary J. Rinkerman  
Baker & Hostetler LLP  
Washington Square  
1050 Connecticut Avenue, N.W.  
Suite 1100  
Washington, DC 20036-5304

via First Class Mail, postage prepaid and properly addressed and placed in the mail chute at 333 West Wacker Drive, Chicago, Illinois 60606 on September 25, 2006.



Natalie A. Harris